



Ensuring the Integrity of NJ's Casino Industry; Setting a Worldwide Standard for Gaming Leadership

In 2005 the Attorney General's Office, through its Division of Gaming Enforcement, continued to ensure the integrity of New Jersey's casino gambling industry by blending vigilance, regulatory oversight and effective law enforcement activity.

At the same time, New Jersey continued to provide a standard of excellence — and leadership — for an ever-expanding international community of legalized gaming jurisdictions.

Vigilance: Complaint Seeks to Revoke License of Company With Mob Ties

In its ongoing fight to keep legalized gaming in Atlantic City free from the taint of organized crime, the Attorney General's Division of Gaming Enforcement filed a complaint in 2005 seeking to revoke the casino service industry licenses of Interstate Industrial Corp. and Interstate Drywall, as well as the company's two owners, Frank and Peter DiTommaso.

In a three-count complaint filed with the New Jersey Casino Control Commission, the Division cited the DiTommasos' association with career offenders and career offender cartels, their lack of good character and their supplying of false

information to the State as reason to revoke Interstate's license to do business with the casinos.

The formal complaint was required because the Casino Control Commission, in 2004, issued Interstate and the DiTommasos licenses and qualifications to do casino work following an extended hearing. The Division has filed an appeal of that July 2004 decision by the Commission. However, as of this writing, no date has been set for argument before the Appellate Division of New Jersey Superior Court.

In its complaint seeking to ban Interstate and the DiTommasos, the Division of Gaming Enforcement noted that information was presented at the original Casino Control Commission hearing linking the two Interstate companies, as well as the DiTommasos, to organized crime.

In addition, the Division's complaint notes that it has developed further information that the DiTommaso brothers had ties to the DeCavalcante and Gambino organized crime families dating back to the 1980s. The complaint further alleges that the DiTommasos gave false information to Division investigators in an attempt to mislead them concerning the DiTommasos' relationship with former New York Police Commissioner Bernard Kerik.



Thomas Auriemma
Director

Division of Gaming Enforcement

The Division of Gaming Enforcement was established in 1977 under the Casino Control Act to ensure the integrity of casino gaming in New Jersey. Its mission is to protect the public interest by maintaining a legitimate and viable industry, free from the influences of organized crime, and ensuring the honesty, good character and integrity of casino owners, operators, employees and vendors. The Division performs its mission through enforcement of the Casino Control Act and related regulations, which were designed to ensure a strictly regulated and economically sound casino gaming industry. Oversight by the Division includes investigations, inspection and audit, as well as criminal and regulatory prosecution. Criminal cases identified by the Division of Gaming Enforcement are prosecuted by the Division of Criminal Justice.

- Director, Thomas N. Auriemma
- Deputy Director, Mitch Schwefel
- Gary Ehrlich, AAG
- George Rover, AAG
- Anthony Restuccia, Chief State Investigator

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MGM/Macau Investigation

In 2005, the Division of Gaming Enforcement began an investigation into MGM Mirage's plans to develop a casino hotel in Macau, China. The investigation focuses on the relationship of Pansy Ho and her father, Stanley Ho. Pansy Ho is managing director of Shun Tak Holdings Limited, a leading Hong-Kong-based conglomerate operating four core businesses — shipping, property, hospitality and investments. Pansy Ho has been described by MGM Mirage as a partner in the MGM Grand Macau venture. Pansy Ho's father, Stanley Ho, is a wealthy Chinese businessman who, over the years, has been the subject of numerous public allegations suggesting that he has ties to Asian organized crime.

In June 2005, MGM Mirage began construction of a \$1 billion hotel-casino, known as the MGM Grand Macau. In addition to gaming space, the structure will include a hotel, restaurants, entertainment venues, a convention center, retail shops and spa facilities. The hotel-casino is expected to have approximately 600 hotel rooms and suites, as well as a casino featuring 1,000 slot machines and 300 gaming tables.

Enforcement: DGE Joins Division of Criminal Justice to Indict Gaming Cheats

In January 2005, the Division of Gaming Enforcement joined with the Casino Prosecution Bureau in the Division of Criminal Justice to charge a former Borgata Casino Mini-Baccarat dealer with devising a "false shuffle" cheating scam that netted \$61,000 in illegal winnings for five players allegedly participating in the scheme.

A State Grand Jury indictment resulting from an extended — and complex — multi-agency investigation charged defendant Lu T. Tran, of Atlantic City, and five other individuals with multiple counts of criminal conspiracy, and multiple counts of swindling and cheating at casino games, related to activity that took place in 2003.

Defendant Tran was identified as a former casino games dealer at the Borgata. Another defendant, Tuan M. Ho of Atlantic City, was employed at the Trump Plaza Hotel and Casino at the time of his indictment.

If convicted on all charges, Tran, Ho and a third defendant, Tu Anh Ti Tran, of Atlantic City, face up to 20 years in State Prison and fines and penalties of up to \$60,000. Defendants Binh H. Pham, of Atlantic City, Hung Luu, of Phoenixville and Cuong Tu Ngo, of Philadelphia, face up to 10 years in state prison and fines/penalties of up to \$30,000.

The 2005 indictment alleges that Lu T. Tran, while employed as a casino dealer at the Borgata Hotel and Casino, engaged with players at a Mini-Baccarat table to cheat at the game, which resulted in the players obtaining more than \$61,105 in illegal winnings. (Mini-Baccarat is a casino game in which cards are dealt from an eight-deck shoe to two spots on the gaming table — "player" and "banker." Patrons bet on which spot will get a total closer

to nine.) Specifically, the indictment charges that on three separate dates in September 2003, Borgata security personnel notified State Police detectives assigned to the Division of Gaming Enforcement of suspicious activity involving Tran and his dealing activities at a Mini-Baccarat table. The indictment charges that, on those dates, Tran employed a "false shuffle" — a move whereby the entire quantity of cards in the eight-deck shoe are not properly reshuffled. As a result of the "false shuffle," it is alleged that defendants Ho, Ti Tran and Pham received more than \$35,000 in illegal winnings on Sept. 20-21, 2003. It is charged that on Sept. 26, 2003, defendants Ho, Ti Tran, Luu, and Ngo placed winning bets in excess of \$15,000, as a result of another "false shuffle" conducted by Tran.

The Division of Gaming Enforcement, frequently working in concert with the Division of Criminal Justice, continues to target fraud, casino-employee-devised cheating schemes and other illegal activities that impact economically on the casinos, and threaten the integrity of the legal gaming industry.

Petitions Filed to Ban Individuals Via Casino Exclusion List

In early 2005, the Attorney General's Office and the Division of Gaming Enforcement announced that petitions had been filed with the Casino Control Commission to add two convicted slot machine cheats — Sean McAndrew, 64, of Long Beach, California and Eugene Bulgarino, 72, of Peoria, Arizona — to New Jersey's Casino Exclusion List. Being named to the list bars individuals from entering any Atlantic City casino hotel. There are currently 175 persons named to the exclusion list.

The petitions filed in 2005 sought to exclude McAndrew and Bulgarino, because they have been convicted in the past of swindling millions of dollars from various Las Vegas casinos. In November 1997, just prior to his arrest in connection with the theft of some \$6 million from Las Vegas casinos, McAndrew traveled to the South Jersey area with the goal of targeting a \$5 million slot jackpot at an Atlantic City casino. The jackpot was won legitimately before McAndrew had an opportunity to commit the theft.

In 1983, McAndrew pleaded guilty to a federal indictment in Nevada charging him, and other accomplices, with using a device to illegally manipulate slot machines and collect approximately \$250,000 in fraudulent jackpots at various Las Vegas casinos in the mid-1970s. McAndrew served eight years in prison and was released in 1991.

In 1998, McAndrew was convicted a second time for engaging in a slot cheating scam, this one between September 1996 and November 1997. As a result, he was sentenced to 90 months in federal prison. Bulgarino, who was listed in the 1980 Pennsylvania Crime Commission Report as an associate of the Bruno Organized Crime family in Philadelphia, pleaded guilty to being an accomplice to McAndrew's 1996-1997 cheating scam in Las Vegas, and was

sentenced to 46 months in federal prison.

Placement on the Exclusion List is based on proof that an individual's presence in a licensed casino would be against the interest of the State of New Jersey, or of licensed gaming. Exclusion may be based on organized crime membership or associations, or prior convictions for serious offenses. An individual has 30 days to request a hearing to contest an exclusion petition.

Keeping Pace: Technical Service Bureau or "Slot Lab" Ensures Slot Integrity

As the increase in volume, complexity and sophistication of slot machines continues, the role of the Division of Gaming Enforcement's Technical Service Bureau — more commonly known as the Slot Lab — continues to expand.

Currently, more than 42,000 slot machines fill Atlantic City's dozen casinos. The Slot Lab's mandate is to test, evaluate and ensure the integrity of any electronic gaming equipment utilized by the casinos. To handle the job, there are 14 engineers, three statisticians and 16 gaming equipment specialists assigned to the Slot Lab.

In 2003, the slots voucher system was introduced with the opening of the Borgata Hotel Casino Spa. The Borgata announced that it would employ the newly-created system in all of its 3,640 machines. The system replaced the familiar "change cups" with a ticket voucher, revolutionizing the awarding of jackpots, and the transferring of credits. The voucher system is known as Ticket In-Ticket Out or TITO. At the time of its introduction, no regulations or minimum technical standards existed for review. This necessitated involvement by the Slot Lab in developing new compliance review requirements. Under TITO, slot patrons receive a ticket with which to play instead of coins. The ticket tracks a player's earnings and credits. It also allows for the transfer of a player's credits from machine to machine. Additionally, a patron can redeem his or her "payout" ticket at kiosks located throughout the casino. The transition to vouchers paved the way for a host of ancillary gaming products — automated jackpot payout, automated gaming voucher redemption machines, and a system of non-cashable electronic promotional credits — all of which had to be evaluated by the Slot Lab.

Within the past five years, a series of highly technical and sophisticated developments have been introduced into gaming, including electronic fund transfer systems and bill validation technology. Each new system has to be integrity-tested by the Slot Lab before being implemented.

The next challenge facing the Slot Lab is downloadable technology, by far the most sweeping change currently under consideration. This technology will revolutionize slot floors simply by deleting the existing software on a particular machine and installing new software from a central server on which approved programs will reside. The technology will also allow slot managers to change percentages, or to tailor games to an individual player's prefer-

ence. The new technology involves a host of security and regulatory issues that require resolution. Gaming Enforcement's Slot Lab engineers, and its Regulatory Enforcement Bureau, are working with the Casino Control Commission, and with manufacturers, to address the issues. It is anticipated that new downloadable technology will be in play in the Atlantic City casinos sometime in 2006.

Providing a Standard of Excellence, Worldwide Leadership

Within the past 15 years, the legal gaming industry has exploded — not only throughout the United States, but worldwide. Today, more than 40 nations around the globe have legal gaming venues, with some countries having multiple gaming jurisdictions. Tanzania, Russia and Singapore have become the newest entries into the international gaming community, and the list of nations that are initiating legal gaming expands on an almost yearly basis.

This explosion in the popularity of legal gambling — and the industry's proliferation worldwide — has created a need for communication and cooperation among nations to address national and international concerns involving gaming-related issues. To that end, the International Association of Gaming Regulators (IAGR) has evolved into the clearing house for gaming regulators and a model to provide leadership. In September 2005, Division of Gaming Enforcement Director Thomas N. Auriemma presided over IAGR's international conference of gaming regulators in Vancouver, British Columbia. As IAGR's president, Director Auriemma welcomed more than 120 leading gaming regulators from around the world to debate and discuss critical issues common to all in the industry: internet gambling, compulsive gambling and downloadable technology.

Since legalized gaming's inception in Atlantic City in 1978, New Jersey regulators have built a solid reputation for maintaining the integrity of the casinos by keeping out organized crime and other undesirable elements. Put simply, the DGE is recognized as the premier casino regulatory agency in the world. In 2005, many gaming jurisdictions — both established and emerging — continued to look to the DGE for leadership and guidance. In addition many gaming venues, including tribal casinos, have modeled their casino laws, regulatory systems and practices after New Jersey.

Among other achievements, the Division of Gaming Enforcement was instrumental in drafting and implementing a universal personal history disclosure form — the "Multi-Jurisdictional History Disclosure Form" — which was accepted by the International Association of Gaming Regulators. The form significantly reduces the filing time of individual applicants for gaming-industry-related licenses and qualifications. The form is now used around the world.



Regulation, Oversight of the Horse Racing Industry

Major Settlement with Horsemen Paves way for Prestigious Breeder's Cup in 2005

In a development with major implications for New Jersey's horse racing industry, Attorney General Harvey and the New Jersey Racing Commission announced in 2005 that the Racing Commission had reached legal settlement with the New Jersey Thoroughbred Horseman's Association, paving the way for the 2007 Breeders' Cup championship races to be held at Monmouth Park.

In addition to clearing a path for New Jersey to host the prestigious Breeders' Cup competition, settlement of the Racing Commission's complaint against the THA was expected to strengthen the integrity of horse racing throughout New Jersey.

The goal of the Racing Commission in filing its original lawsuit against the THA was to ensure that funds earmarked for programs intended to benefit the horsemen and backstretch personnel were in fact used for those purposes. Under terms of the settlement agreement, funds subject to the Racing Commission's regulatory jurisdiction will be returned to the control of the Racing Commission. Those funds include 2.9 percent of all purses, including those supplemented by the New Jersey Sports and Exposition Authority, and the money in the Thoroughbred Horseman's Bookkeeper Interest account. In addition, as part of the settlement, the THA agreed to make by-law changes that formalize conflict-of-interest and anti-nepotism provisions for officers and board members of the THA. Also, THA agreed to an orderly budget process going forward, with its budgets subject to the regulatory requirement that 70 percent of funds subject to Racing Commission oversight will be used for programs to benefit the horsemen. The THA also agreed to elect a new governing Board, and committed to having a majority of that Board consist of new members.

The settlement agreement was approved by a New Jersey Superior Court Judge sitting in Monmouth County. The Breeders' Cup consists of eight thoroughbred races in one afternoon. The combined \$14 million purse attracts top horses and jockeys, and the Breeders' Cup Classic



Frank Zanzuccki
Executive Director

Racing Commission

The core mission of the New Jersey Racing Commission is to govern, direct and regulate horse racing and pari-mutuel wagering in New Jersey. The Racing Commission conducts vigorous oversight of horse racing matters throughout the State to ensure that racing is conducted in a fair and responsible manner. Commission staff members also provide administrative support to encourage the growth of the horse racing industry through expansion of wagering opportunities.

- *Executive Director, Francesco Zanzuccki*
- *Deputy Director, Michael Vukcevic*
- *Chairman, John J. Tucker*

Commissioners:

- *Samuel M. Cannella*
- *Anthony R. Caputo*
- *Lawrence Codey*
- *Peter J. Confrancesco, III*
- *Edward R. McGlynn*
- *Daniel A. Monaco*
- *Noel Love Gross*

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— the final race of the day — is the richest horse race in the United States. Prior to the settlement agreement, Breeders' Cup officials had expressed concern about bringing the championships to New Jersey in a climate of legal disagreement between the Racing Commission and the THA.